

INTRODUCTION

This Assessment was commissioned by the Advisory Committee on Voluntary Foreign Aid (ACVFA), a federal advisory committee established by Presidential Directive after World War II to serve as a link between the U.S. government and private voluntary organizations (PVOs) active in humanitarian assistance and development overseas. The Committee works to strengthen and advance the partnership between the U.S. Agency for International Development (USAID) and the private voluntary community. As stated in its Charter, ACVFA's duties are:

- To consult with, provide information to, and advise USAID and other U.S. Government agencies on development issues relating to foreign assistance in which the U.S. Government and PVOs interact;
- To provide information and counsel to the PVO community on issues of concern regarding their relations with USAID and other U.S. Government agencies; and
- To foster public interest in the field of voluntary foreign aid and the activities of PVOs.

ACVFA members are appointed by the USAID Administrator and serve as private citizens, rather than as representatives of organizations. J. Brian Atwood appointed the Advisory Committee in February 1994 and extended their term through June 1997 early in 1996. (Appendix A lists ACVFA members.)

A team of consultants and USAID staff undertook the Assessment at the end of the current ACVFA members' term, in order to record achievements in the USAID/PVO partnership over the past several years and to highlight issues that warrant attention in the future. The study is intended to serve as a guidepost for officials and staff of USAID, for the private voluntary community, for the next ACVFA, and for others concerned with public-private collaboration in U.S. overseas development and humanitarian assistance programs.

After the Administrator agreed to ACVFA's undertaking this Assessment, a joint ACVFA/USAID steering committee approved the study Terms of Reference (Appendix B) and reviewed the Assessment in draft. ACVFA discussed the draft Assessment at its March 12, 1997 quarterly meeting where an audience comprised of representatives of PVOs, universities, for-profit contractors and other Agency partners, as well as USAID staff, discussed the preliminary findings and issues warranting future attention. The ACVFA Secretariat in USAID's Office of Private and Voluntary Cooperation (PVC) in the Bureau for Humanitarian Response finalized the study for publication and dissemination.

This Assessment is organized in four sections. **Part I** describes the context in which the USAID/PVO partnership has evolved over the past few years. **Part II** highlights important Agency achievements affecting PVOs. Some of these achievements and other source material

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are summarized in the Annotated Bibliography in Appendix C.

Part III presents findings from Assessment surveys sent to all USAID Missions and USAID-registered PVOs and from in-depth interviews conducted at USAID/Washington, U.S. headquarters of PVOs, and in seven countries where USAID, PVOs and NGOs collaborate. Not surprisingly in such a complicated relationship, there was rarely unanimity among respondents.

The survey data provide a broad-based view of the state of the USAID/PVO partnership. The in-depth interview data elicit the often diverse individual perspectives to be found in USAID and within the PVO and NGO communities. Conducted

with 136 USAID, PVO and NGO staff, these extensive interviews provide qualitative data and are particularly useful for understanding inconsistencies in the application of USAID policies and procedures, as well as instances where USAID reforms have taken hold or are not yet imbedded in practice. Appendix D describes the Assessment Methodology; Appendices E-H contain the surveys and questionnaires.

In **Part IV**, the Advisory Committee draws a set of conclusions from the study findings. These conclusions, and others derived from ACVFA's work over the past three years, form the basis for a set of key partnership issues that ACVFA commends to USAID, PVOs and its successor Committee for future attention.



PART I: THE CONTEXT FOR THE USAID/PVO PARTNERSHIP

The USAID/PVO partnership has deep roots, extending back many decades when PVOs first emerged as leaders in disaster relief. Over the years, the nature of that partnership has changed significantly, as PVOs have broadened their efforts from relief and emergency food distribution to development programs designed to address the root causes of poverty and vulnerability to disasters. The transition from short-term relief to longer-term development programs, coupled with substantially increased PVO organizational capabilities, has greatly strengthened cooperation between USAID and the PVO community over the past 20 years.

Consonant with strengthened cooperation has been an openness on the part of both USAID and PVOs to acknowledge the challenges inherent in a partnership between a U.S. Government agency and a large community of extremely diverse organizations, particularly given the complexity of the development issues to be addressed. In its December 1993 Synthesis Report to the USAID Administrator entitled, “The U.S. Agency for International Development and the Private Voluntary Community: Policies for a More Effective Partnership,” a joint USAID/PVO Task Force noted that “the relationship between USAID and the PVO community is based on fundamentally similar values. At the same time, PVOs are private entities with their own skills and uniquely individual perspectives and goals, while USAID is a government

agency whose development objectives are shaped by the pursuit of long term foreign policy concerns.”

The 1995 USAID Policy Guidance for the USAID-U.S.PVO Partnership defines partnership as “striving to achieve mutual goals by sharing resources, risks, benefits and accountability. Partnership is characterized by cooperation, collaboration and complementarity, and is based on the principles of mutual respect, shared objectives, consultation and participation.” The Policy also states that, “While acknowledging those areas where USAID and PVO interests overlap, it must be recognized that their motivations, interests and responsibilities are not and should not be identical. It is to be expected that USAID and PVOs each will pursue goals related to their particular concerns and objectives and, at the same time, will work together on common priorities.”

COMPLEMENTARY OBJECTIVES

The collaborative relationship between USAID and U.S. PVOs emanates from those complementary views and objectives. As noted in the USAID-PVO Partnership Policy Guidance, the partnership draws on considerable areas of consensus, such as:

- a commitment to people-centered economic, social, and political development;

- an appreciation of the importance of community-based solutions to social, economic, and environmental problems;
- agreement that humanitarian assistance, when appropriate, should be integral to an overall approach to achieve sustainable development;
- agreement on the importance of broad-based economic growth and the need to address the root causes of poverty;
- agreement that participatory development strengthens the fabric of civil society and provides opportunities for broad-based equitable growth; and
- a commitment to the principle of self-help and a belief that people in developing countries and emerging democracies are able to improve their lives.

PROGRAMMATIC COLLABORATION

USAID/PVO cooperation has been extensive in pursuit of these shared concerns. PVOs have long been essential partners in USAID humanitarian assistance programs; and USAID's Office of Foreign Disaster Assistance responds to the great majority of disasters largely through PVOs. The role of PVOs has become more extensive as the post-Cold War period has seen a proliferation of complex emergencies in countries in transition and so-called "failed states," such as Somalia, Rwanda, Sudan, Liberia,

Haiti, and Bosnia. PVOs are the Agency's critical partners in these areas, and receive a major portion of USAID's resources for the activities carried out in these countries. PVOs are also major programmers of food aid in partnership with USAID. In FY 1996, for example, the value of food aid, including commodities and freight, distributed by PVOs totaled over \$426 million.

PVOs have also become vital partners with USAID in sustainable development programs and this role is still evolving. PVOs have continued to build their capabilities in public health, child survival, and family planning. In the heavily earmarked area of child survival, PVOs have been central players in providing immunization, oral rehydration therapy, food and nutrition, and other preventive services to millions of mothers and children around the world. PVOs have also been responsible for developing new approaches to helping local communities meet their health care needs.

In the environmental area as well, PVOs have played a central role in USAID programs, particularly with respect to the protection of biological diversity and to sustainable natural resource management. As in other program areas, U.S. PVOs have also developed special skills in building the capacity of local NGOs in the environmental sector.

Collaboration in support of broad-based economic growth presents a more complex picture. Microenterprise initiatives and human resource development, which

have places of prominence under USAID's economic growth strategy, are recognized as areas where PVO have great strengths and have pioneered new methodologies. Examples of fruitful collaboration are manifold. However, as USAID's direct support in agriculture has diminished in recent years, PVOs and cooperative development organizations that traditionally focused on programs in this sector have found their collaborative relationships with USAID increasingly difficult.

Perhaps the most difficult fit for PVO collaboration has been in the areas of economic policy reform and restructuring at the macro level. While some PVOs can point to successful policy-related collaboration with USAID resulting in significant impact on the enabling environment for sustainable development, e.g., in the areas of microenterprise, health, family planning, and the environment, there are longstanding disagreements within the development community on the costs and benefits of economic stabilization and restructuring, particularly with respect to their impact on the poor.

In the democracy sector, PVOs have contributed critical expertise in areas ranging from election preparation and monitoring, to human rights monitoring and reporting, as well as contributing more broadly to the growth of democratic institutions through their work in developing local institutions that represent and respond to grassroots needs. PVOs play a major role in addressing one of USAID's key aims in this regard: the de-

velopment of a strong and durable civil society as a prerequisite to stable democracy and sustainable development.

In listing the comparative advantages of PVOs, the 1993 Joint USAID/PVO Task Force Report noted PVOs' "unique ability as private organizations to understand, relate to and work with non-governmental organizations so that they can play a larger, more effective role in addressing their country's development needs." Transcending the democracy sector, USAID-PVO collaboration in the civil society arena has increasingly focused on building the capacities of local organizations.

PVO CHANGES

PVOs have increasingly worked in coalitions focused on particular sectoral, country or region-specific issues and special interests. Over this period, for example, one of the strongest sectoral "interest groups" with the PVO community focused on Women in Development issues and organized around the United Nations Population and Social Summits and the Beijing Conference on Women.

PVOs have also worked together to improve their professionalism and their communication and consultation with USAID. The American Council for Voluntary International Action (InterAction), an increasingly prestigious and effective coalition of 150 U.S. nongovernmental organizations, has placed a high priority on both technical and administrative capacity building and has also developed a set

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of ethical standards for its membership. Completed in 1992, the InterAction PVO Standards are now being applied by the membership through self-certification, and InterAction has convened a number of workshops and fora on this topic. In addition, InterAction has played a lead role in convening policy and programmatic meetings involving PVOs, Agency leadership and staff, and in some cases, indigenous NGO representatives, on issues ranging from the new PVO policy guidance and procurement reform to the New Partnerships Initiative, PVO/NGO programs in Africa, and Strategic Partnerships in close-out countries.

THE RISE OF INDIGENOUS NGOS

The post-Cold War decade of the 1990s has seen major changes in the context for the USAID/PVO partnership. Broadly speaking, PVOs and NGOs have been increasingly recognized as indispensable to creating and sustaining the civil society framework fundamental to long-term sustainable development in the newly independent nations of the former Soviet bloc, as well as traditional developing countries.

Closely related has been a worldwide expansion in voluntary activity and in the number and variety of indigenous NGOs. The ascendance of local NGOs has been a striking phenomenon in the post-Cold

War era, fueled by the shift toward democratic forms of government, the opening of previously closed societies, the increase in complex emergencies, a heightened awareness of the importance of community solutions to social problems, and a growing understanding of the link between local and global issues.

The growing number and importance of local NGOs has significant implications for the role of PVOs and for the USAID/PVO partnership. The focus on direct service delivery is shifting from U.S. PVOs to indigenous NGOs, and the role of U.S. PVOs is now increasingly seen as that of partners and facilitators of NGO-implemented activities.

According to one PVO observer, “There is probably no single issue which more dominates discussions within the U.S. PVO community today than its changing relationship with indigenous or Southern NGOs. At the conceptual or theoretical level there is virtual agreement that the days of active and operational PVOs undertaking service delivery at the grassroots level in southern countries is over.... The reality, however, is far less convincing as to whether these new values and concepts have been adequately internalized and put into practice by the PVO community.”

³ *U.S. PVO/NGO Support Programs* by Leslie Fox for InterAction at the December 1995 Tokyo Conference on “Creating Together a New Partnership: NGO Support Schemes Contributing to People’s Self-Reliance.”

USAID BUDGET REDUCTIONS

The decline in U.S. funding for international economic assistance has dramatically changed the context for the USAID/PVO partnership. U.S. foreign assistance programs are at their lowest levels, in real dollar terms, in over 50 years. The United States, having led the world in dollar volume of aid contributions through 1990, has now fallen behind Japan, France and Germany, according to the Organization for Economic Cooperation and Development. Development assistance programs have borne a disproportionate share of reductions in the international affairs budget.

USAID has downsized its overseas presence in response to these budget cuts. Since 1994, twenty-six missions have been closed for reasons of “graduation,” because the national government was not considered a good development partner, or because USAID determined that regional implementation was more cost-effective than bilateral programs. Two additional closings are planned by the end of FY 1997, and further closings due to “country graduation” are planned in the coming five years. USAID management resources have been similarly reduced. USAID staff levels in USAID/Washington and the field have sustained a 22% cut during the same time period.

In the face of these funding and management constraints, USAID has maintained—indeed increased—its commitment to the USAID/PVO partnership, and the PVO community has offered vigorous support in conveying to key decisionmak-

ers and the U.S. public the importance of a strong international development and humanitarian assistance program. While these constraints have posed serious challenges to USAID’s ability to support its stated commitment to the partnership, they have also opened the possibility of new forms of USAID/PVO collaboration.

USAID REENGINEERING

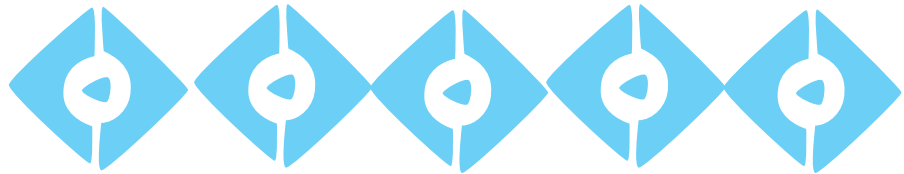
Over the past four years, USAID has initiated a thorough revamping of its systems and procedures, as well as its organizational culture, through a process of “reengineering.” Through these changes, USAID has attempted to improve development performance by emphasizing core values and by simplifying administrative procedures. USAID’s reengineering process is linked to a comprehensive effort to improve all federal government services, and the Agency has served as a “reinvention laboratory” in the National Performance Review. As such, USAID has introduced an ambitious number of changes in a relatively short time period.

USAID reengineering’s core values have substantive implications for the USAID/PVO partnership. These core values are:

- **customer focus**, which calls for USAID to involve its partners (e.g., PVOs, universities, contractors) and customers (i.e., those receiving assistance overseas) more frequently and systematically in the planning, implementation, and evaluation of foreign assistance;

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- **teamwork**, which enables PVOs to serve on task forces, Strategic Objective teams in Missions and with USAID/Washington operating units, and in other groups that help set directions and processes for USAID;
- **empowerment and accountability**, giving those who carry out programs the authority to make and implement decisions as close as possible to where the actions take place, providing them with the resources needed to carry out those decisions, and providing the flexibility to respond to changing conditions; and
- **results orientation**, designed to ensure that processes meet stated development objectives, and refocusing attention from inputs to outcomes and impact. In practice, this means setting clear objectives and targets, collecting adequate information to assess progress based on appropriate indicators, and adjusting strategies and tactics as needed.



PART II: USAID ACTIONS TO ADVANCE THE PARTNERSHIP

Consistent with reengineering, USAID has undertaken an unprecedented series of actions over the past four years to improve collaboration with the PVO community. These actions have included policy revision, administrative and operational reforms, simplification of existing regulations, and establishment of a wide array of fora for consultation and dialogue with PVOs on most aspects of the USAID/PVO partnership.

The USAID senior management's commitment to the USAID/PVO partnership, and the Administrator's clear signal to Agency leadership and operating units to effect these changes has yielded impressive results. In addition, ACVFA's mandate from the Administrator has enabled the Advisory Committee and its Subcommittees to provide an intermediary forum for discussion of issues, to serve as a catalyst for their resolution through formal recommendations to USAID, and to engage with the Administrator and USAID staff on implementation and monitoring of ACVFA recommendations.

USAID actions in support of the partnership include:

1. Establishment, in cooperation with InterAction, of a Joint PVO/USAID Task Force that met through the summer of 1993 to review major aspects of the partnership. The Task Force Report, "The U.S. Agency for International Development and the Private Voluntary Community: Policies

for a More Effective Partnership," made recommendations in six areas: the policy framework, building institutional capacity, working with indigenous organizations, cost-sharing, streamlining procurement and reducing administrative requirements, and new funding relationships.

2. The work of the Task Force provided the framework for the first revision of USAID's policy guidelines on collaboration with PVOs since 1982. Issued in April 1995, the "Policy Guidance for the USAID-U.S.PVO Partnership" was prepared in close consultation with a working group of PVO representatives and was presented to the broader public through ACVFA. The guidance sets out basic policy principles on consultation, participation, program integration and managing for results, PVO independence, support for PVO/NGO relationships, cost-sharing and simplification. It also incorporates specific operational guidelines for USAID/PVO consultation and for PVO cost-sharing.

The 1995 Policy states: "USAID policy is that the principle of cost-sharing is an important element of the USAID-PVO relationship, but that its application should be flexible and case-specific."

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3. In late 1993, the Administrator issued a “Statement of Principles on Participatory Development” that established participation as a fundamental principle governing how USAID is to carry out its work with all its development partners, and emphasizing participation as a key determinant of sustainable development.
4. In the spring of 1995, USAID issued a statement of “Policy Principles for the Award of Assistance Instruments to PVOs and NGOs for Development and Humanitarian Assistance.” This new policy was recommended by ACVFA in close collaboration with USAID’s Office of Private and Voluntary Cooperation (PVC). The Principles cover such issues as the use of cooperative agreements, including guidelines for USAID “substantial involvement”⁴; the role of USAID staff in managing assistance instruments; advance planning of assistance actions; simplification of administrative approvals; the use of automation to increase efficiency and access; and reporting requirements.
5. PVC significantly simplified Registration requirements for U.S. PVOs in 1995. In 1996, following a survey and Mission consultations, PVC issued new, streamlined Local PVO (LPVO) registration procedures in English, French, Spanish and Arabic.
6. USAID undertook a series of procurement reforms in 1995 to streamline the procurement process involving PVOs. Policy and administrative practices were changed or eliminated in areas such as salary approvals, key personnel approvals, individual consultants, trip reports, and audit requirements involving NGO recipients or subrecipients of grants and cooperative agreements.
7. The Office of Procurement, working with ACVFA, reached agreement on simplified requirements for USAID approval of PVO international travel

⁴ The policy states: “the ‘substantial involvement’ clause of cooperative agreements should be used as a mechanism for USAID involvement in the recipient’s program only to the degree necessary for reasonable management oversight. Substantial involvement is not to be used as a device to provide undue oversight and control. Provisions for substantial involvement by USAID should be limited to those few which are essential to meet program requirements and assure achievement of mutual program objectives. The following provisions are considered essential: a.) approval of annual workplans; b.) approval of a limited number of key personnel; and c.) USAID approval of monitoring and evaluation plans, and USAID involvement in monitoring progress toward the achievement of program objectives during the course of the cooperative agreement.”

under grants and cooperative agreements. USAID has issued revised guidance to all Missions on the new travel policy.

8. ACVFA has served as a forum for PVO consultation on the Agency's new strategies for sustainable development and draft Strategic Plan. PVO comments and suggestions were considered in preparation of USAID's Strategic Framework and are expected to be included in the forthcoming USAID Strategic Plan.
9. USAID instituted a variety of new fora for information sharing and dialogue with the PVO community and other partners. These have included use of the Internet, including required postings of Agency Requests for Applications (RFAs) and Requests for Proposals (RFPs); a series of Town Meetings to discuss procurement policies and reforms; the annual RFA Workshop hosted by the Office of Private and Voluntary Cooperation; and meetings convened by the Bureaus for Management and for Legislative and Public Affairs to discuss reengineering and other issues of concern to the PVO community.
10. USAID's Center for Development Information and Evaluation (CDIE) undertook and published a major review of USAID's management of PVO and NGO projects entitled, "Strengthening the Public-Private Partnership: An Assessment of USAID's Management of PVO and

NGO Activities." It contains findings and recommendations directly relevant to this study and offers a road map of suggested actions for both USAID senior managers and project officers regarding implementation of USAID's stated policies and objectives in collaborating with PVOs and NGOs.

In its June 1995 summary of *Strengthening the Public-Private Partnership: An Assessment of USAID's Management of PVO and NGO Activities*, the Agency's Center for Development Information and Evaluation stated that "The study finds the biggest problems with the Agency's partnership with PVOs and NGOs to be inconsistent management of grants and cooperative agreements. The inconsistency is due primarily to the failure of USAID staff to apply partnership principles... USAID staff appear knowledgeable about the technical differences between grants, contracts, and cooperative agreements. In practice, though, the distinctions are blurred and/or ignored, often leading to imposition of unnecessary or excessive management controls."

11. USAID's Gender Plan of Action, announced at ACVFA's March 1996 meeting, was developed in close consultation with PVOs and other

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Agency partners. ACVFA and its Subcommittee on Women and Sustainable Development played an active role in helping to conceptualize elements of the Plan, which will ensure that Agency programs, policies, and systems reflect the centrality of women's empowerment to achieving sustainable development. The Plan has far-reaching implications for increased attention to women and gender issues in the USAID Strategic Framework and Strategic Plan (with which Mission and operating unit plans must be consistent), use of gender-disaggregated data in developing indicators of program impact, staff training and personnel evaluation, and procurement practices.

12. USAID's New Partnerships Initiative (NPI), announced by Vice President Gore at the United Nations Social Summit in Copenhagen in March 1995, recognizes the centrality of NGO empowerment, along with small business development and democratic local governance, to building the civil society framework essential to sustainable development. A frequent subject at Advisory Committee meetings because of its importance to the USAID/PVO partnership, NPI focuses on local capacity building. Members of the PVO community and other Agency partners participated actively in several task forces established to conceptualize NPI, in the design and implementation of the NPI pilot process with selected Missions, in assessment of this experience, and in information sharing.

13. At the same time that he announced the New Partnerships Initiative, Vice President Gore pledged that, within five years, USAID "will be channeling 40% of its development assistance through non-governmental organizations, both U.S.-based and indigenous." USAID has indicated that it intends to honor the commitment to the best of the Agency's ability given severe budget constraints. In correspondence to ACVFA, the USAID Administrator stated that, "in order both to communicate the importance of this commitment to all operating units and to ensure accountability," USAID will monitor progress through the annual Results Review and Resource Request (R4) and Bureau-Based Budget Review processes.

14. In response to the need identified by ACVFA for clarification of USAID's policy on competition under assistance instruments, and following extensive consultation with InterAction and the Advisory Committee, USAID finalized guidance on Competitive Procedures for Grants and Cooperative Agreements in May 1997.

15. In light of the current and prospective reduction of USAID's overseas presence due to staffing and budget cuts, USAID initiated discussions with the PVO community through ACVFA, and has held broader meetings with PVOs and other partners, on Strategic Partnerships for implementation of USAID programs in countries from which USAID will be withdrawing.